

HOUSE BILL NO. 621

INTRODUCED BY M. LINDEEN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR REIMBURSEMENT TO LOCAL GOVERNMENTS, SCHOOLS, AND TAX INCREMENT DISTRICTS FOR LOSS OF PROPERTY TAX REVENUE; REPEALING SECTION 176, CHAPTER 584, LAWS OF 1999; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Reimbursement to counties, cities, towns, and consolidated city-county governments for losses in revenue. (1) (a) The department of revenue shall determine the amount of tax and other revenue lost by each local government unit as a result of the enactment of Chapters 285, 426, 488, 524, 554, and 556, Laws of 1999, for fiscal year 2002 and for fiscal year 2003. The determination must be made by August 15, 2001, for fiscal year 2002, and by March 15, 2002, for fiscal year 2003. The department shall use fiscal year 1998 as its base year for each determination.

(b) As used in this section, "local government unit" means a county, city, town, consolidated city-county government, school district, miscellaneous district, or other local district that levies mills. The term does not include the state.

(c) The department shall determine the amount of tax and other revenue due each local government unit for fiscal year 1998 from the following sources:

(i) property taxes levied by each local government unit within each county or consolidated city-county government for fiscal year 1998, but excluding any mills levied by the state pursuant to 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-439, and 53-2-813; and

(ii) oil and gas production taxes levied and distributed as provided for in Title 15, chapter 36.

(2) The department shall calculate for each local government unit for fiscal year 1998 or the date of incorporation the amount of tax and other revenue that would have been due each local government unit from the sources listed in subsection (1) if Chapters 285, 426, 488, 524, 554, and 556, Laws of 1999, had been in effect for fiscal year 1998 or the fiscal year of incorporation if incorporation occurred after fiscal year 1998 but before fiscal year 2000.

(3) In making the calculation provided for in subsection (2), the department shall take into account any benefit to a local government unit that levied mills against electrical generation property in fiscal year 1998 or the date of incorporation from any increase in the assessed value of electrical generation property stemming from the sale of electrical generation assets subsequent to tax year 1997.

(4) Each county, city, town, and consolidated city-county government that in aggregate lost tax revenue in a particular year, based on the difference between the calculation in subsections (1)(c) and (2), must receive the same percentage of the appropriation for local government reimbursements as the appropriation bears to the total amount of loss for all local government units in this state. Payments must be made in two similar installments for each fiscal year on or about December 15 and June 15. Each county, city, town, and consolidated city-county government is authorized to distribute the revenue received among its funds and districts according to prior year mill levies. Each tax increment financing district, including a tax increment financing district that consists of an industrial district created under 7-15-4299, must receive the benefit of the reimbursement based on the loss to the incremental taxable value of the district.

NEW SECTION. **Section 2. Repealer.** Section 176, Chapter 584, Laws of 1999, is repealed.

NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, and the provisions of Title 15 apply to [section 1].

NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

- END -